

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
December 17, 2001	)	CCB/CPD File No. 01-23
MAG Access Charge Tariff Filings	)	
	)	
	)	

**ORDER ON RECONSIDERATION**

**Adopted: January 30, 2002**

**Released: January 30, 2002**

By the Chief, Competitive Pricing Division:

**I. INTRODUCTION**

1. On December 31, 2001, we released the *Suspension Order*, which suspended for one day and set for investigation tariffs containing rates for interstate access services filed by certain incumbent local exchange carriers subject to rate-of-return regulation.<sup>1</sup> We suspended these tariffs to ensure that all of the carriers had complied with the access charge reforms adopted by the Commission in the *Rate-of-Return Access Charge Reform Order*.<sup>2</sup> After thoroughly reviewing the carriers' tariffs and the subsequent revisions to those tariffs,<sup>3</sup> we now find that, with two exceptions discussed below, the carriers have substantially complied with the *Rate-of-Return Access Charge Reform Order* and their tariffs no longer warrant investigation. Accordingly, on our own motion, we reconsider our decision to suspend and investigate the rates for interstate access services filed by the carriers listed in Appendix B of this order.

<sup>1</sup> *December 17, 2001 MAG Access Charge Tariff Filings*, CCB/CPD File No. 01-23, Order, DA 01-3023 (released Dec. 31, 2001); *December 17, 2001 MAG Access Charge Tariff Filings*, CCB/CPD File No. 01-23, Erratum, DA 01-3032 (released Dec. 31, 2001) (collectively *Suspension Order*). Appendix A of the *Suspension Order* lists the carriers and their suspended tariffs, and includes all rate-of-return carriers filing interstate access charge tariffs effective January 1, 2002.

<sup>2</sup> *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, FCC 01-304 (released Nov. 8, 2001) (*Rate-of-Return Access Charge Reform Order*). The one-day suspension allowed the tariffs to become effective after the suspension, subject to potential refund obligations pending the outcome of our investigation. See *Suspension Order*, DA 01-3023 at 1-2 n.4.

<sup>3</sup> Appendix A lists the tariff transmittals filed after the *Suspension Order* was released.

## II. BACKGROUND

2. In the *Rate-of-Return Access Charge Reform Order*, the Commission adopted comprehensive interstate access charge and universal service reforms for rate-of-return carriers. Among other things, the Commission revised several of the access charge rules contained in Part 69 of its rules, effective January 1, 2002. The revisions increased, as of January 1, 2002, the residential and single-line business subscriber line charge (SLC) cap and the multi-line business SLC cap to \$5.00 and \$9.20 per line, respectively,<sup>4</sup> or, if less than the cap, the monthly cost per line.<sup>5</sup> Carriers must recover their contributions to universal service from a separately stated charge assessed on end users, rather than through access charges.<sup>6</sup> Line port costs must be reallocated from local switching to the common line category.<sup>7</sup> The costs recovered through the transport interconnection charge (TIC) are to be reallocated among all the access categories, subject to a specific dollar limit equal to the TIC revenues for the twelve months ending June 30, 2001.<sup>8</sup> These cost reallocations require reassignment of certain costs from specified interstate access categories to the common line category. Many rate-of-return LECs file their own traffic-sensitive tariffs, but participate in the National Exchange Carrier Association (NECA) common line tariff. Therefore, the line port costs and certain TIC costs of LECs that file their own traffic-sensitive tariffs must be removed from the LECs' revenue requirements and included in the NECA common line pool's revenue requirement.

3. In the *Suspension Order*, based on our own review of the carriers' tariffs and petitions filed by AT&T Corp. (AT&T) and General Communication, Inc. (GCI), we suspended and set for investigation the rates for interstate access services filed by the carriers listed in Appendix A of that order.<sup>9</sup> In general, we were concerned that some carriers had not properly allocated line port costs to the common line category and had not properly reallocated TIC costs among the other access charge categories. Because the reallocations required certain costs to be shifted from the tariffs of carriers filing their own traffic-sensitive tariffs to the NECA common line tariff, this affected the calculation of the SLC and carrier common line rates for the NECA tariff.

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<sup>4</sup> See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 22-29, paras. 42-56.

<sup>5</sup> 47 C.F.R. § 69.104, as revised. See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 26, para. 51.

<sup>6</sup> See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 76-77, para. 177.

<sup>7</sup> See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 42, para. 90.

<sup>8</sup> See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 37, 46, paras. 76, 103; *MAG Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, CC Docket No. 00-256, Declaratory Ruling, DA 01-2871, 2-3, paras. 3-5 (released Dec. 11, 2001) (*Declaratory Ruling*).

<sup>9</sup> See *Suspension Order*, DA 01-3023 at 3, para. 5. See generally Petition of General Communication, Inc. (filed Dec. 21, 2001) (*GCI Petition*); Petition of AT&T Corp. (filed Dec. 26, 2001) (*AT&T Petition*).

### III. DISCUSSION

4. Since issuing the *Suspension Order*, we have analyzed the initial tariffs, corresponded with the parties, and examined supplemental data and tariff revisions filed by several carriers. Based on our review of the record, including these tariff revisions, we conclude the tariffs listed in Appendix B of this order do not raise issues that warrant investigation. We therefore reconsider, on our own motion, our decision to suspend and investigate the rates for interstate access services of the carriers listed in Appendix B and hereby terminate our investigation of those rates.

5. We continue our investigation, however, of the rates filed by Alaska Communications System (ACS), because the issues identified in the *Suspension Order* regarding ACS have not been resolved.<sup>10</sup> Due to the interrelationship between ACS' individual tariff and the tariff for the NECA common line pool, that NECA tariff must also remain under investigation.<sup>11</sup> The specific issues that are the subject of the investigation will be identified in an upcoming designation order.

6. We also take this opportunity to clarify how rate-of-return carriers are to perform the line port cost reallocation required by the *Rate-of-Return Access Charge Reform Order* in their upcoming annual access tariff filings. The *Rate-of-Return Access Charge Reform Order* requires LECs to reallocate line port costs from local switching to the common line category, either by conducting a cost study, or by using thirty percent of the local switching category revenue requirement as a default proxy.<sup>12</sup> Most carriers that do not participate in the NECA traffic-sensitive pool filed their rates using projected amounts based on NECA's updated data derived from its role as pool administrator. Although this resulted in some carriers reallocating amounts other than thirty percent of their historical local switching revenue requirement to the common line category, we conclude that this methodology comports with the intent of the Commission's access charge reforms and does not warrant investigation in the context of this partial year tariff filing. In accordance with our line port reallocation rules,<sup>13</sup> rate-of-return carriers electing to use the thirty percent proxy in future tariff filings shall reallocate thirty percent of the revenue requirement for the test period underlying their tariff filing to the common line category. Thus, section 61.38 carriers<sup>14</sup> shall apply the thirty percent proxy to their projected

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<sup>10</sup> In the *Suspension Order*, we identified at least two issues warranting investigation: (1) whether ACS improperly allocated ISP minutes to both the interstate and local jurisdictions in violation of the Commission's order in *GCI v. ACS Holdings*; and (2) whether ACS correctly reallocated line port costs from the local switching revenue requirement. See *Suspension Order*, DA 01-3023 at 4, para. 7. See also *General Communication, Inc. v. Alaska Communications Systems Holdings*, 16 FCC Rcd 2834 (2001), appeal docketed, No. 01-1059 (D.C. Cir.) (*GCI v. ACS Holdings*). We also noted that we may designate additional issues for investigation. See *Suspension Order*, DA 01-3023 at 5, para. 9.

<sup>11</sup> We clarify that NECA's access charges relating to the traffic-sensitive pool and its special access rates are no longer under investigation. NECA's tariff rates associated with its common line pool, however, remain suspended and subject to investigation.

<sup>12</sup> See *Rate-of-Return Access Charge Reform Order*, FCC 01-304 at 42, para. 90.

<sup>13</sup> 47 C.F.R. § 69.306(d).

local switching revenue requirement, while section 61.39 carriers<sup>15</sup> shall apply the thirty percent proxy to their historical local switching revenue requirement.

#### IV. ORDERING CLAUSES

7. Accordingly, IT IS ORDERED that, pursuant to section 204 of the Communications Act of 1934, as amended, 47 U.S.C. § 204, and sections 0.91, 0.291 and 1.108 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.108, we reconsider, on our own motion, our decision in the *Suspension Order* to suspend and investigate the rates for interstate access services filed by the carriers listed in Appendix B.

8. IT IS FURTHER ORDERED that, pursuant to section 204 of the Communications Act of 1934, as amended, 47 U.S.C. § 204, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the investigation and accounting order imposed in CCB/CPD File No. 01-23 IS TERMINATED with respect to the carriers listed in Appendix B.

9. IT IS FURTHER ORDERED that, pursuant to section 204 of the Communications Act of 1934, as amended, 47 U.S.C. § 204, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, the investigation and accounting order imposed in CCB/CPD File No. 01-23 IS TERMINATED with respect to the traffic-sensitive and special access rates filed by the National Exchange Carrier Association.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss  
Chief, Competitive Pricing Division  
Common Carrier Bureau

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<sup>14</sup> 47 C.F.R. § 61.38.

<sup>15</sup> 47 C.F.R. § 61.39.

## APPENDIX A

**TARIFFS FILED BY RATE-OF-RETURN CARRIERS AFTER JANUARY 1, 2002  
IN THE DECEMBER 17, 2001 MAG ACCESS CHARGE TARIFF FILING  
PROCEEDING****FILER****TRANSMITTAL #****Issued: January 29, 2002**

Century Telephone Operating Companies  
Telephone Utilities Exchange Carrier Assoc. (TUECA)

**Effective: January 30, 2002**

Transmittal No. 17  
Transmittal No. 171

**Issued: January 29, 2002**

ICORE, Inc.  
NTELOS Telephone, Inc.

**Effective: February 1, 2002**

Transmittal No. 37  
Transmittal No. 5

**Issued: January 30, 2002**

Lexcom Telephone Company  
South Central Telephone Association  
Southern Kansas Telephone Company

**Effective: February 6, 2002**

Transmittal No. 7  
Transmittal No. 11  
Transmittal No. 12

## APPENDIX B

**INVESTIGATION TERMINATED FOR THE FOLLOWING TARIFFS FILED BY  
RATE-OF-RETURN CARRIERS IN THE DECEMBER 17, 2001 MAG ACCESS  
CHARGE TARIFF FILING PROCEEDING**

**FILER****TRANSMITTAL #****Issued: December 14, 2001**

Madison River Telephone Company, LLC  
(Gallatin River & Gulf Telephone Cos.)

**Effective: January 1, 2002**

Transmittal No. 2

**Issued: December 17, 2001**

Alltel Telephone System  
Bay Springs Telephone Company  
Beehive Telephone Companies  
Bixby Telephone Company  
Blue Earth Valley Telephone Company  
Century Telephone Companies  
The Champaign Telephone Company  
Chariton Valley Telephone Corporation  
Chillicothe Telephone Company  
City of Brookings Municipal Telephone Department  
Contoocook Valley Telephone Company  
Dunkirk & Fredonia Telephone Company  
East Ascension Telephone Company, Inc.  
Easton Telephone Company  
Eckles Telephone Company  
Elkhart Telephone Company  
Etex Telephone Cooperative  
Fidelity Telephone Company  
Geneseo Telephone Company  
Great Plains Communications, Inc.  
Gridley Telephone Company  
GVNW Inc/Management  
Harrisonville Telephone Company  
Hills Telephone Company (Iowa)  
ICORE  
Illinois Consolidated Telephone Company  
James Valley Cooperative Telephone Company  
John Staurulakis, Inc. (JSI)  
Leaf River Telephone Company  
Lexcom Telephone Company  
McCook Cooperative Telephone Company  
Midstate Telephone Company  
Minnesota Lake Telephone Company

**Effective: January 1, 2002**

Transmittal No. 95  
Transmittal No. 82  
Transmittal No. 22  
Transmittal No. 7  
Transmittal No. 4  
Transmittal No. 14  
Transmittal No. 3  
Transmittal No. 6  
Transmittal No. 68  
Transmittal No. 13  
Transmittal No. 11  
Transmittal No. 27  
Transmittal No. 4  
Transmittal No. 3  
Transmittal No. 3  
Transmittal No. 58  
Transmittal No. 7  
Transmittal No. 12  
Transmittal No. 5  
Transmittal No. 75  
Transmittal No. 4  
Transmittal No. 179  
Transmittal No. 23  
Transmittal No. 3  
Transmittal No. 35  
Transmittal No. 111  
Transmittal No. 3  
Transmittal No. 63  
Transmittal No. 4  
Transmittal No. 5  
Transmittal No. 2  
Transmittal No. 5  
Transmittal No. 3

Moultrie Independent Telephone Company	Transmittal No. 11
National Exchange Carrier Association (NECA)	Transmittal No. 919 <sup>16</sup>
NTELOS Telephone Company	Transmittal No. 3
Puerto Rico Telephone Company	Transmittal No. 43
Roseville Telephone Company	Transmittal No. 85
Shell Rock Telephone Company	Transmittal No. 3
Sioux Valley Telephone Company	Transmittal No. 3
Smart City Telecommunications LLC	Transmittal No. 6
Smithville Telephone Company	Transmittal No. 4
South Central Telephone Association	Transmittal No. 8
Southern Kansas Telephone Company	Transmittal No. 10
Splitrock Telecom Cooperative, Inc.	Transmittal No. 4
Telephone Utilities Exchange Carrier Assoc. (TUECA)	Transmittal No. 168
Tri-County Telephone Association	Transmittal No. 7
TXU Communications Telephone Company	Transmittal No. 7
Union Telephone Company	Transmittal No. 71
Utelco, Inc.	Transmittal No. 8
Virgin Islands Telephone Corporation	Transmittal No. 45
Winterhaven Telephone Company	Transmittal No. 9

**Issued: December 18, 2001**

Bay Springs Telephone Company	Transmittal No. 82 - Amended
Elkhart Telephone Company	Transmittal No. 58 - Amended

**Issued: December 19, 2001**

Utelco, Inc.	Transmittal No. 8 - Amended
Winterhaven Telephone Company	Transmittal No. 9 - Amended

**Issued: December 21, 2001**

John Staurulakis, Inc. (JSI)	Transmittal No. 64
National Exchange Carrier Association (NECA)	Transmittal No. 919 - Amended

**Issued: December 26, 2001**

Bay Springs Telephone Company	Transmittal No. 82 - 2nd Amended
Bay Springs Telephone Company	Transmittal No. 83
Bay Springs Telephone Company	Transmittal No. 83 - Amended
Fidelity Telephone Company	Transmittal No. 12 - Amended
ICORE	Transmittal No. 35 - Amended

**Issued: December 27, 2001**

Harrisonville Telephone Company	Transmittal No. 23 - Amended
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<sup>16</sup> Only the investigation into NECA's Traffic Sensitive and Special Access rates is being terminated at this time.

**Issued: December 28, 2001**

Alltel Telephone System

Transmittal No. 96